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RUEHBR/AMEMBASSY BRASILIA 8800
RUEHBU/AMEMBASSY BUENOS AIRES 6020
RUEHCV/AMEMBASSY CARACAS 3230
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RUEHPE/AMEMBASSY LIMA 3445
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RUEHMN/AMEMBASSY MONTEVIDEO 5198
RUEHPO/AMEMBASSY PARAMARIBO 0253
RUEHQT/AMEMBASSY QUITO 5869
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S E C R E T LA PAZ 000150

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TAGS: [PGOV](#) [PREL](#) [BL](#)
SUBJECT: BOLIVIA: POOR PROGNOSIS FOR NATIONAL DIALOGUE

Classified By: EcoPol Chief Mike Hammer for reasons 1.4 (b) and (d).

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Summary
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[¶1.](#) (C) President Evo Morales and opposition prefects publicly maintain a relatively optimistic outlook on talks to reach a national accord; but, both sides appear privately to be advancing more cynical agendas. A national accord would require Morales and the opposition to agree to a funding mechanism for a new pension plan that does not notably impact departmental budgets, and would also include agreements to change the MAS draft constitution and the opposition departments' autonomy proposals. The prospects for a comprehensive agreement are slim, but the talks may not be an all or nothing deal. The opposition prefects could very well reach agreement to maintain their departmental budgets while pushing negotiations on the MAS constitution to a later day. Most observers see a referendum on the MAS constitution as at least half a year away. End Summary.

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No Accord without Restoration of IDH
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[¶2.](#) (U) The Morales' administration's decision to impose a 30 percent cut in the distribution of hydrocarbons revenues (IDH) to the nine prefectures to fund its new pension system remains a critical obstacle to any agreement between opposition prefects and President Morales. The opposition prefects of Beni, Cochabamba, Pando, Santa Cruz, and Tarija proposed aGh:QQQil January 23. Meanwhile, rather than delay for a few days the implementation of its pension plan/IDH cut while talks continued, the government announced it would go forward with implementation on January [¶16.](#) Opposition prefects, not surprisingly, viewed the January 16 move as detrimental to the negotiations.

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MAS Constitution and Autonomy Statutes:
Like Oil and Water

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¶3. (U) The other issue that can)- and will likely)-
derail the talks is the so called "harmonization" of the MAS
constitution with the opposition department's autonomy
statutes. Assuming the two sides can reach an agreement on
the IDH issue, each department is supposed to send two
delegates to begin working in earnest on the constitution and
autonomy statutes negotiations January 26.

¶4. (U) Despite suggesting that the other's documents were
trash before the talks even started, both Morales and the
prefects have recently tried to sound a more conciliatory
tone. After meetings on January 16, president Morales
stated, "I have a lot of hope in these talks" and "It is
important to make compatible, to unite, the autonomy statutes
with the new constitution." One of Evo's most vocal critics,
Cochabamba prefect Manfred Reyes Villa also sounded positive
and committed to the talks stating, "We have an obligation to
reach an agreement . . . not to fail."

¶5. (C) While the principals in the negotiations have
generally taken the conciliatory approach, both parties rely
on surrogates to promote their side's respective hard-line
strategy. Constituent Assembly members from Morales' MAS
party have stated they will not change the MAS draft
constitution. Roman Loayza, the MAS party's leader in the
Assembly and long time Morales associate stated, "The
President cannot tell us what to do, because as assembly
members we are superior to him." (Comment: Loayza's comment
seems at least a bit disingenuous and it would be seismic
shift from the past if MAS assembly members no longer took
instructions from Evo Morales. End Comment). Meanwhile,
senior judiciary officials and the Bolivian bar association
)- groups favorably disposed to the opposition -- issued a
non-legally binding declaration calling the MAS draft
constitution illegitimate and illegal.

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Bad Faith Negotiating
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¶6. (S) Both sides appear to have little faith in the
negotiations, and both seem to be cynically approaching the
talks. The government apparently views the talks as a "show"
for the public and has no interest in a real negotiated
solution (per sensitive reporting). Roly Aguilera, Secretary
General of the Santa Cruz Prefecture, told Emboff that the
prefecture has no expectation that the "dialogue" will have
any real result. According to Aguilera, Morales has been
"negotiating" in bad faith since the start. But the prefects
have their own motives for attending the talks. Aguilera and
his colleague Mario Bruno, Secretary General of the Santa
Cruz Civic Committee, have mentioned that the opposition
views the talks as a useful delaying tactic. The
negotiations give the opposition departments time to organize
their autonomy statutes referenda. The opposition is pushing
for three sets of referenda: first a (presidential and
prefect) recall referendum; then referenda on the
departments' autonomy statutes; followed by the referendum on
the MAS draft constitution. The media luna (opposition)
prefects will consider it a big victory if the referendum on
the MAS' constitution is pushed back until late 2008, early
¶2009.

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Comment
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¶7. (C) Both sides need to be seen talking, although Evo
seems to get the most out of such overtures. Morales' poll
numbers tend to move upwards when he is seen negotiating. It
seems that his more tepid followers -- those who shy away
from him during troubled times -- return to the MAS fold when
he acts conciliatory. Nevertheless, with the cynicism
surrounding the talks, we do not anticipate the president and
prefects reaching the fabled national accord. Despite the
pessimism there is a possibility for the parties to reach

some form of lesser agreement. The prefects may very well be content to depart the talks with the (at least partial) restoration of their IDH revenues, while leaving the fight over the MAS constitution for a later day. The government might be willing to cede some ground on the IDH issue to give itself some breathing space)- a period of time without significant conflict. Morales might even be willing to make cosmetic adjustments to the MAS constitution -- to fix glaring contradictions)- as yet another act in the "show."

18. (C) Whether or not the IDH issue is resolved, both sides will eventually begin campaigning in earnest for their respective charters)- the MAS constitution and the opposition autonomy statutes. The opposition will attempt to stall (and if possible prevent) any referendum on the MAS constitution. Stalling will likely include trying to force votes on their autonomy statutes prior to a vote on the MAS constitution. On the other hand, the MAS will likely try to push the constitutional vote as soon as possible while laying down obstacles for the autonomy referenda. If the media luna fails to prevent a referendum on the MAS constitution, the opposition will eventually focus its efforts behind the "NO" vote, rather than boycott the referendum.

19. (C) With a referendum on the MAS constitution at least six months away, it is likely Bolivia will go on without serious violence for most of that period. If either the "YES" or "NO" vote looks solid, the possibility for violence will increase as supporters for the likely losing side will want to ratchet up pressure to try to bring about an as yet undefined alternative outcome, rather than face defeat at the polls. End Comment.
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